

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7488**

**BILL NUMBER:** HB 1378

**NOTE PREPARED:** Jan 17, 2013

**BILL AMENDED:**

**SUBJECT:** Virtual Incubator Program.

**FIRST AUTHOR:** Rep. Pelath

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill requires the Indiana Economic Development Corporation (IEDC) to establish and administer an Internet-based virtual incubator pilot program. It provides that under the virtual incubator pilot program, the IEDC shall assist entrepreneurs that are seeking to establish or that are operating a start-up small business for which the conventional business incubation and assistance programs may not be appropriate because of distance, population dispersal, or the scale of the business venture. The bill states the participants of the virtual incubator pilot program are limited to businesses located in northwestern Indiana. It specifies certain criteria that must be used by the IEDC in evaluating applications and selecting participants. The bill requires the IEDC to adopt policies and guidelines concerning entrance to and exit from the virtual incubator pilot program.

The bill also requires the IEDC to submit an annual report concerning the virtual incubator pilot program to the legislative council.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Indiana Economic Development Corporation (IEDC):* This bill requires the IEDC to setup and operate a pilot internet-based incubator program to provide entrepreneur assistance. The bill states the IEDC is required to select start-up small businesses located in northwestern Indiana. It also provides additional guidance on the criteria the IEDC must use to select the participants. The bill states the IEDC will provide the following services to participants that are appropriate for an internet-based program:

- Business planning and evaluation of business plans and ideas.

- Identify loans, grants, and other sources of available funding.
- Assist in the preparation of applications for loans and grants.
- Provide strategic guidance on markets.
- Analysis of proof-of-concept activities.
- Provide support to reach state, national, and global markets.
- Access to business mentors and management consulting.

The bill requires the IEDC to annually report the metrics defined within the bill to the Legislative Council before September 1. In addition, the annual progress report must be published on the IEDC's website. The pilot program may begin after July 1, 2013, and it is set to expire on July 1, 2018.

The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resources. As of November 2012, the IEDC had 11 vacant positions 3 of which were dedicated to small business development activities. In addition, the IEDC has a contractual arrangement with Elevate Ventures, Inc., which is a 501 (c)(3) not-for-profit venture development firm. Under this contract, Elevate manages the 21st Century Research and Technology Fund and provides several technical assistance programs for entrepreneurs, including a variety of advisory services to early-stage entrepreneurs around the state.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Economic Development Corporation. Elevate Ventures, Inc., <http://www.elevateventures.com/>

**Local Agencies Affected:**

**Information Sources:** State Staffing Report, November 5, 2012.

**Fiscal Analyst:** Heath Holloway, 232-9867.